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UniSourceEnergy
SERVICES

August 6, 2004

Arizona Corporation Commission

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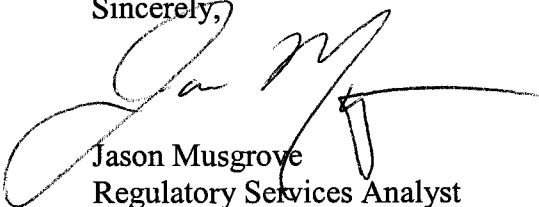
Docket Control:

Pursuant to Decision No. 66861, Docket No. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-0103A-02-0914, G-01032E-03-0515, "UNS shall file Semi-annual reports with the Commission, documenting CARES program participation levels as well as program cost recoveries and expenditures related to the CARES program deferral account balance, on a monthly basis. Such reports shall be filed by January 30th and July 30th of each year, documenting the previous first six months' and second six months' activity for each calendar year, respectively.

Enclosed please find the original and thirteen copies of the Semi-Annual report for UNS Gas, Inc. CARES Discount Program. Also enclosed is an additional copy that the Company requests that you date-stamp as received by the Commission and return in the pre-addressed stamped envelope for our files.

If you have any questions, please call me at 520-745-3432.

Sincerely,


Jason Musgrove
Regulatory Services Analyst

Enclosures

Cc: Ernest Johnson, ACC
Brian Bozzo, ACC
Tom Campbell, Lewis & Roca
Gary A. Smith, UNS Gas, Inc.
Dennis Nelson, UNS Gas, Inc.

UNSGas, Inc. CARES Discount Program - Summary of Total Program Expenses

January 2004 - June 2004

| 2004 | Discount | Participation | Administrative Expenses |
|--------------|---------------------|---------------|-------------------------|
| January | \$27,037.05 | 2,251 | \$1,112.33 |
| February | \$31,101.90 | 2,757 | \$1,112.33 |
| March | \$27,526.76 | 2,965 | \$1,112.33 |
| April | \$17,405.25 | 3,060 | \$1,112.33 |
| May | \$9.45 | 3,097 | \$1,112.33 |
| June | \$0.00 | 3,165 | \$1,112.33 |
| TOTAL | \$103,080.41 | 17,295 | \$6,673.98 |

| Total Discount and Expenses Jan 04 - Jun 04 | Total Participation Nov 03 - Apr 04 | Total Discount and Expenses Nov 03 - Apr 04 |
|---|-------------------------------------|---|
| \$109,760.39 | 20,620 | \$142,099.71 |

Notes:

- 1) Program participation for November through December was 3,325 for a total discount of \$25,671.30
- 2) Basic Cost of Service Rate: first 100 therms or less per month will be discounted by \$0.1500 per therm for the billing months November through April